

Testimony Of

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**Committee on Science and Technology**  
**United States House of Representatives**

At Hearing

**Follow the Money Part II: Government and  
Public Resources for Recovery Act Oversight**

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## Introduction and Overview

Chairman Miller, Ranking Member Broun, and Members of the Committee, thank you for inviting me to testify today with this distinguished panel about oversight of the American Recovery and Reinvestment of 2009 (ARRA). My name is Eric Gillespie and I am the Chief Information Officer at Onvia, a 12-year-old, NASDAQ-traded information services company based in Seattle, Washington.

Simply stated, our business model provides a comprehensive view of government spending to companies around the country. We were purpose-built for the Local and Education marketplace and a

Our business model is designed to facilitate procurement and through an eProcurement portal with 50,000 business users, and we drive as an aside, this part of our business many years ago to help disadvantage

On the other hand, to assist companies that do 9,000 State, Local and Education also partner with organizations such as contract visibility for their members.

Our product is derived from millions of goods and services transactions from across every industry vertical – from Construction, Engineering, and Architecture to Healthcare, Energy, Water, and Information Technology.

As draft versions of the stimulus bill were being published by the House and Senate at the beginning of the year, my team and I recognized that Recovery Act funds would be primarily distributed through existing programs, from Federal agencies to States, Counties and Cities, and



procurement across agencies at the Federal level, and the USASpending.gov website provides online transparency into those purchasing events.

As you well know, there is no parent-child relationship between the Federal, State, County, and Municipal governments and thus there is no comparable FBO-USASpending platform for State, Local and Education procurement. In actuality there are almost as many programs, rules, and platforms as there are agencies around the country.

OMB has no doubt that the States and Local governments have been ineffective in an attempt to clarify the reporting requirements for the stimulus funds, and how it should be reported. The States and Local governments have been ineffective in reporting on Federal agency compliance with the requirements for the stimulus funds at the Federal and Local level by State and Local governments.

Further confusion has been created by the States and Local governments from the Federal government and the States and Local governments. The States and Local governments exist in part to provide a check and balance on the Federal government. The States and Local governments have been ineffective in providing information at the Federal level. The States and Local governments have heated debates about how to report the stimulus funds. The States and Local governments have been ineffective in the history of civil service and the history of civil service control.

These confusion has been created by the States and Local governments into how funds are spent by the States and Local governments. The States and Local governments around the county. The States and Local governments have been ineffective in reporting money will have been spent at the Federal and Local level, before anyone is fully aware of the loss. The Government Accountability Office (GAO) recently pointed out that States are already struggling with how to oversee and manage stimulus expenditures.

## The Transparency Barrier

Transparency and reporting to both Congress and the public at large, with full disclosure of all entities, public and private, receiving funding from ARRA, tracking grants and subgrants, contracts and subcontracts, obligations and certifications, and authenticating the sources of this data, serves as the backdrop for defining the key challenges. Establishing accurate and timely job creation metrics adds yet another level of complexity.

The market is highly fragmented: there are more than 89,000 State, Local and Education entities across the country that are eligible to receive ARRA funds. In addition, there are many private entities who will have a role in procuring goods and services for these entities. These numbers are staggering, especially when these numbers are placed on an aggressive timeline for implementation.

The transparency barrier is a significant challenge for State and Local government. The government has been unable to track at which these funds are being applied.

Consider the following example: a State or Local government receives a grant from ARRA. The grant is used to hire a contractor. The contractor then hires subcontractors in the private sector. The government is unable to track the flow of funds from the grant to the contractor and then to the subcontractors.



Congress, all attempting to transparency barriers. Management and money that is spent on funds – the contractors, Counties and Cities.

American people are el; this the Office of largely ignore the recipients of the g at a local level, used funds.

There are many through the opacity. First, untangling the vast amount of unstructured data across these sundry entities is a Herculean task. Each entity has its own set of rules and workflow that address procurement, formats for solicitations, reporting requirements for contract awards, vendor qualification, vendor lists, and data persistence among many other areas. The categorization and compliance issues faced by the Federal government in implementing FBO.gov and the Federal Procurement

Once a canonical view of the entities is established, the second primary challenge can begin to be addressed: authentication of entities and their executives tasked with certifying the ARRA spending. A structured registration and validation process is required to ensure data integrity, along with a basic support center to handle basic compliance questions and simple account issues like entities mixing stimulus funds with other funds. The process is only partially funded by stimulus funds, and the process is certain to be fraught with inaccuracies. Compliance reporting is necessary.

The third, and perhaps the most important, of the technologies, principally in the form of search engines, has changed the expectations of the American public. The public has come to expect information through relatively simple means. The public has come to expect that search engines are able to find information in the vastness of the web from what has been described as a single click.

The fourth area of concern is the massive scale of the program. The program is being dispersed. An “aggressive” approach to achieving accountability goals of the Administration requires the creation of new agencies, to create jobs as rapidly as possible. This approach, however, presents an opportunity for unprecedented waste and fraud. The Chairman of the Recovery Accountability and Transparency Board, Earl Devaney, estimated that \$55 billion of taxpayer dollars may be lost to fraud, which is particularly true at the State and Local level where the Administration has very limited visibility. That’s five times the entire GDP of Afghanistan; about the same as the GDP of Vietnam, Luxembourg, and Ecuador; and half the GDP of New Zealand, Egypt and Iraq.

According to figures from the World Bank and the International Monetary Fund, the fraud alone in our ARRA spending will be the 60<sup>th</sup> largest economy in the world. Eliminating the transparency barrier with only a 1% improvement in fraud would save the American taxpayers \$550 million. With the aggressive timeline there is simply not an opportunity to spend months, or compared to some implementation cycles years, developing a delivery platform, and there is little opportunity to stop waste *before* it starts rather than relying on investigations *after* spending occurs.

### Technology Platform

We appreciate the Recovery Act spending began solving it and hundreds of service scanning and optimization Freedom of Information many years of experience to meet these tracking these solutions.

When looking at spending on a Federal budget. Citizens in granular detail; dependents, profit mortgage, and the

ing to track logically. We platform with technologies, on-demand researchers have innovative ways record with

the purchase of goods and services occurs, the government marketplace is by far the largest “industry” vertical; citizens, businesses, non-profit organizations, State and Local agencies, and schools are involved in spending. However, the level of transparency and tracking on the expense side pales in comparison to that on the revenue side. From a technology perspective the IRS is able to sift through massive amounts of data on the revenue side because they have

ired to track “side” of the flows of capital number of aid on their expense side where



established standardized forms for processing, invested in large data centers, and employ countless programmers. For the Federal government the expense side of the equation is no less complex than the revenue side, it just isn't tracked and reported with the same veracity.

Until recently Americans have tolerated a lack of transparency in governmental spending. The shift toward intolerance is being driven by the advance of technology, the internet, and the assumption that information should be and is easily accessible; the internet generation has a new set of expectations. There has also been a recent groundswell of ARRA expectations established with the many state and local government requests for transparency, accountability, and efficacy.

### **The Development**

With the e... mostly small and medium business... from these stimulus dollars v... beneficiaries are subcontractors to... e or Local agency.

Given our... port-term it would be difficult to pro... stimulus spending. At the end of Mar... pally targeted at companies that do... / notices of projects, RFPs, bi... ormation about contractor and sub... e to "real-time" as possible.

It took us about two weeks to develop and launch the site, and it has a somewhat simplistic interface which allows the user to select from combinations of State, County and City. It produces obligation and spending results as transactions occur every day in those geographies. We are currently in the process of making the site navigable via an interactive map so that users

can drill down to their community and see the spending that is most important to them via zoom controls.

Given the time constrained “use it or lose it” provisions contained in the legislation the bulk of the projects we are currently tracking at *Recovery.org* are related to infrastructure and transportation.

With *Recovery.org* we have done precisely what the Administration has been encouraging with respect to the use of federal funds. We took a large dataset and turned it into something useful.

### **The Complexity**

The potential for data to be used in standard formats is limited by the amounts of unstructured data that an effort in recent years has been unsuccessful. While the Coburn-Obama Act has made some progress, a result of the lack of obtaining quick, accurate information is that the

The most significant challenge is the offers of the Federal government to the marketplace – data about the community. While the data to the mix only serves to make the government, there is no ecosystem of information that is

To further complicate requirements for timely and standardized data collection from State and Local entities, many of these agencies perform a combination of essential services ranging from public safety to maintenance of physical infrastructure. Unlike the Federal government's established taxonomies for tracking spending on goods and services, there is no universally accepted standard across these highly fragmented State and Local governments. What initially

appears to be a relatively simple set of functional spending categories is not easily mapped to a common State-by-State, Municipality-by-Municipality view.

For the moment let's assume the data aggregation and standardization problems can be solved for Recovery fund tracking, or for that matter any other dataset such as TARP fund tracking. Consider the mashup possibilities with census data, campaign contribution results, crime statistics, or tax information, to name a few views, and imagine the level of citizen engagement that might be generated.

Unleashing the power of data is not a panacea, nor solely about preventing the kind of waste that has thus far centered around those lauded as the "heroes" of the recovery. If executed well, the Recovery Fund can be a powerful tool to stimulate the economy by infusing capital for infrastructure and other projects. Data it can also have the ancillary benefit of providing more efficient channels for the distribution of funds.

There are many examples of successful data-driven initiatives. Google has taken a leading position on promoting open data. The Human Genome Project has used the data to the greater good. In addition, the GPS industry has provided a wealth of examples include the GPS industry's contribution to the geospatial community, and the use of data in the transportation sector. The data unleashed by the Recovery Fund can be used in many ways, including large data sets and giving access to the data for transparency.

Without getting into deep technical details, suffice it to say that in order to maximize use and adoption the data must to be made available in formats with low barriers to use. There are excellent, free, non-proprietary formats such as XML, JSON, and YAML. There are other





(8) As the data set grows, provide raw data feeds via APIs to the public at-large. It is not incumbent on the Federal government to create unique and interesting views of the data and, instead, by providing data to developers the public at-large can create engaging user experiences with the underlying data.

(9) Look for best practices and pockets of innovation across the public and private sectors which can be adopted. To be successful this can't be onerous on either State, Local and Education entities or the private sector contractors and subcontractors. It is also important to not create an i

The benefits of this approach are many. It will provide the public with tools to interpret it, and the conduits for transparency and accountability. It will ensure that all have live, searchable data in a format that can be received at Recovery.gov will

The community will have a more complete description of what is an apt

## Conclusion

With that, it is an impossible task, there is an enormous amount of work to be done to create a new era of transparency, accountability, and engagement. It will take time to come in terms of engaging in a conversation that is significant culture shift for many who are not used to this pronounced at the State, Local and Education levels of government.

The technology is available to turn Recovery.gov into the flagship for government transparency and accountability. We fully support the important goals that Congress and the Administration have outlined, and we will continue to serve in any way we can.

Thank you again for inviting me to testify here today, and I look forward to answering any questions that you might have.

